



**Date:** May 2, 2011

**To:** Thomas J. Bonfield, City Manager  
**Through:** Wanda S. Page, Deputy City Manager  
**From:** Kerry Goode, CIO/Director of Technology Solutions  
**Subject:** Time Warner Cable Business Class Fiber Optic Network Services

### **Executive Summary**

The City of Durham contracted with Time Warner Cable Business Class to install fiber optic cable to provide high-speed, reliable, network connectivity for the large City facilities and Time Warner High Speed Internet (HSD) service to the smaller locations. Time Warner also provides WIFI Internet connectivity for the downtown five-point area. The fiber and HSD connections are necessary to accommodate the City's requirements for communications (phone and email); enterprise-wide systems such as MUNIS, OnBase, Internet, Fire Reporting, the Open Software Solutions Inc. (OSSI); and Parks and Recreation computer labs.

In an effort to better manage the Time Warner contracts, Technology Solutions has consolidated the invoices according to the departments responsible for paying for the service and are now consolidating the City's Time Warner contracts to have the same beginning date and the same expiration date.

In normal circumstances, the Technology Solutions Department would prepare a new RFP for a three-year service contract and proceed with the contract process. The City of Durham has approximately 60 accounts with Time Warner that provide either fiber or HSD services for the City's network connectivity. Approximately 34 of these sites are due for renewal. The Finance Operations Manager recommended that Technology Solutions renegotiate the expired contracts with Time Warner to keep the same service and pay less money. If Technology Solutions went out for bid, it is unlikely that another company would win the bid to provide this service because of the high upfront cost to reconfigure the City's entire Wide Area Network. The City is also working on a contract with Columbia Telecommunications Corporation (CTC) to complete a feasibility study to implement a City-owned fiber network. The City, County and Durham Public Schools will participate in this study once the contract with CTC is completed. With a fiber feasibility study of the current environment and technology overview, the citywide network plan can provide a roadmap for the City's future communication infrastructure. The proposed agreement with

Time Warner Cable Business Class will enable the City to keep the current Time Warner fiber and HSD service network connections at all City locations for a period of three years. The Technology Solutions Department met with Time Warner to explore potential savings in renewing these services. The monthly rate for a 10M fiber connection was negotiated from \$688 Monthly Recurring Cost (MRC) to \$625 MRC. In order to be eligible to receive an additional potential savings, the Technology Solutions Department classified that the network traffic carried by Time Warner Cable Business Class Metro Ethernet services to the City locations is intrastate in nature with less than 10% of the traffic considered interstate. Therefore, this service should not be classified under Federal Communications Commission rules which would save the City approximately \$55.04 per 10M fiber site, per month and \$38.32 per 5M fiber site per month. The total number of 10M renegotiated sites was 17 and the total number of 5M sites was 14. The total renegotiated savings is approximately \$91,553.76 for the life of the contract.

### **Recommendation**

The Administration recommends that the City Council authorize the City Manager to execute an Optical Access Service Agreement with Time Warner Cable Business Class in the amount of \$955,560.60 for the term of three years.

The Administration also recommends authorizing the City Manager to modify the agreement before execution provided that modifications do not increase the dollar amount and the modifications are consistent with the general intent of the existing version of the agreement.

### **Background**

The City issued an RFP to upgrade the City's WAN in anticipation of the new high bandwidth applications such as Enterprise Resource Planning, Land Development Ordinance, Open Software Solutions Inc., and the coexistence of voice and data communications in late 2005. Time Warner Cable Business Class was selected as the preferred vendor based upon both performance and cost. The City began the upgrade of WAN connections in February 2006.

The original contract included services for all Police and Fire Stations, the Public Works Operations Center, and Williams Water Treatment Plant. As the need arose and as funds became available, the City entered into additional contracts for the same Time Warner Cable Business Class service at new Police and Fire Stations and at the City's service locations including Fleet Management, Solid Waste Management, Golden Belt, Venable Center, and Water Management. Now the original service agreements are expiring and it is time to renew. Because of the initial investment to install fiber or HSD service at each City location, the most cost effective option would be to renew the existing contracts.

### **Issues/Analysis**

The original Time Warner Business Class agreements were completed for a term of three years. This was the minimum term available to allow for amortization of the fiber construction costs. Under normal circumstances, the Technology Solutions Department would prepare a new RFP for a three-year service contract and proceed with the contract

process. By selecting Time Warner Business Class as the preferred vendor to provide network connectivity to City facilities, the City will not incur new infrastructure costs to these locations. Changing network providers at this point would require a redesign and switch out of equipment. This is not recommended.

The City is in the initial stages of a project to determine the feasibility of replacing the third party network providers such as Time Warner Cable Business Class with a City-owned fiber and wireless network connection. The feasibility study of the current environment and technology overview will provide a roadmap for the City's future communication infrastructure requirements.

Entering into another long term agreement to exceed 36 months may negatively impact this project if the City decides to build its own network.

It would be in the City's best interest to renew the Time Warner Cable Business Class agree for network services and proceed with a feasibility study to assess the cost of installing a citywide network system to include the City, County, and the Durham Public School System for the next three years. A new three-year agreement will allow all three entities the opportunity to explore the feasibility and funding options of migrating from a third-party vendor.

#### **Alternatives**

The City can continue to use the month-to-month option in the current agreements for network services. This alternative could be more expensive which may allow Time Warner to raise the cost of service and is not recommended. The second alternative is to issue an RFP to replace all WAN connections. This will probably mean entering into a long term service agreement that could impact the timeline for the citywide network project. This alternative is not recommended.

#### **Financial Impact**

The cost of the proposed Time Warner service agreement over the next three years for the current facilities is \$955,560.60 excluding FCC, Franchise, and Federal Universal Service Fund Fees. In the last 3 year contract, the City of Durham paid \$1,155,632.49 to Time Warner for network connectivity.

#### **SDBE Summary**

The Equal Opportunity/Equity Department reviewed the bid submitted by **Time Warner Cable Business Class Triangle Business Unit** and has determined that they are in compliance with the Ordinance to Promote Equal Opportunities in City Contracting.

#### **SDBE REQUIREMENTS**

This is a contract amendment. A compliance review was not conducted in accordance with Ordinance to Promote Equal Business Opportunities in City Contracting.

Attachments: Time Warner Service Agreement